

KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW  
265 FRANKLIN STREET  
BOSTON, MASSACHUSETTS 02110-3113  
  
(617) 951-1400

TELECOPIERS:  
(617) 951-1354  
(617) 951-0586

March 31, 2004

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

RE: New England Gas Company, D.T.E. 04-24

Dear Ms. Cottrell:

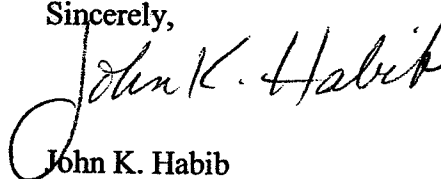
Please find attached an original and 9 copies of the 2003 Annual Service Quality Report (the "Report") for New England Gas Company (the "Company"). The Report includes data and other information regarding the Company's annual service quality performance for the period ending December 31, 2003, as well as historical data supporting the Company's comparison of 2003 performance with its past performance. The Report is consistent with the Company's Service Quality Plan (the "Plan") that was approved by the Department of Telecommunications and Energy (the "Department") on April 17, 2002.

The Company will continue to track its service quality performance consistent with its Department-approved Plan during 2004 and update its benchmarks where appropriate.

If you have any questions, please call me at your convenience. Please also direct any correspondence to:

Kerry Britland, Manager, Regulatory Relations  
New England Gas Company  
100 Weybosset Street  
Providence, Rhode Island 02903  
Direct: (401) 272-5040 x 2212  
Fax: (401) 751-0698.

Sincerely,



John K. Habib

**Enclosures**

cc: Caroline Bulger, Hearing Officer  
Jody Stiefel, Hearing Officer  
Joseph Rogers, Assistant Attorney General  
Robert Sydney, General Counsel, DOER  
Kerry Britland  
Karen Czaplewski  
Sharon Partridge

**2003 SQI  
Annual Report  
Section 1**

**Form A**



Fall River Service Area 2003 Form A

PENALTY PROVISIONS	Years in Database	Mean/ Benchmark (1)	Benchmark Deadband (2)		Performance in 2003	Comments
			Penalty	Offset		
Telephone Answering Factor %	1	NA	NA		30.40%	The percentage of all telephone calls from customers that are handled within a 20 second time interval. Performance data for Year 2003 represents the second annual data point. Therefore, a benchmark could not be established.
Emergency Answering Factor %	1	NA	NA		86.09%	The percentage of emergency telephone calls from customers that are handled within a 20 second time interval. Performance data for Year 2003 represents the second annual data point. Therefore, a benchmark could not be established.
Service Appointments Kept %	1	NA	NA		100.00%	The percentage of service appointments met by the Company on the same day scheduled. Performance data for Year 2003 represents the second annual data point. Therefore, a benchmark could not be established.
Meter Reads %	5	82.17%	81.37%	82.98%	77.10%	
Consumer Division Cases	10	55.3	70.7	39.9	65.00	
Bill Adjustments (\$/1000 customers)	10	\$24.27	\$46.46	\$2.07	\$8.55	
Lost Time Accident Rate (# of acc//200,000 employee hours)	10	2.35	6.24	-1.54	2.27	
Response To Odor Calls (%)	2	95%	NA		100.00%	

(1) Mean included in Appendix H - 2002 Annual Service Quality Report

(2) Created by adding/subtracting the standard deviations to/from the mean. - Threshold at which penalties/offsets will be applied.

Fall River Service Area 2004 Form A

ADDITIONAL REPORTING	Years in Database	Mean / Benchmark (1)	Benchmark Deadband		Performance in 2003	Comments
			Penalty	Offset		
Restricted Work Day (# of acc/200,000 employee hours)	10	7.25	NA		4.55	
Property Damage > 5K (#)	2	0	NA		0	The Company did not have property damage over \$5,000 in 2003 in the Fall River Service Area.
Unaccounted for Gas (Mcf)	10	245,514	NA		257,252	
Capital Expenditures (# of projects and total \$)	7	\$2,333,534	NA		\$1,804,857	
Spare Component & Inventory Policy	NA	NA	NA		NA	
Customer Surveys : Random Calls Residential Customers	2	NA	NA		4.41	Survey for residential customers who may or may not have recently contacted the Company. Using a scale of 1 = very dissatisfied and 7 = very satisfied; How satisfied are you with the service you are receiving.
Customer Surveys : Recent Contacts	2	NA	NA		5.2	Survey for any customer who had recent contact with the Company. Using a scale of 1 = very dissatisfied and 7 = very satisfied; How satisfied were you with the service you received.
Accidents	0	0	NA		0	The Company did not have any accidents in the Fall River Service Area in 2003.
Customer Service Guarantees	0	NA	NA		0	The Company did not miss any scheduled service appointments and did not fail to notify customers of scheduled service outages in the Fall River Service Area in 2003.
Staffing Levels	5	177	NA		141	Benchmark represents 1997 staffing level.

(1) Rolling average of most recent data points

North Attleboro Service Area 2003 Form A

PENALTY PROVISIONS	Years in Database	Historical Average/Mean (1)	Benchmark Deadbands (3)		Performance in 2003	Comments
			Penalty	Offset		
Telephone Answering Factor %	1	NA		NA	41.48%	Performance data for Year 2003 represents the second annual data point. Therefore, a benchmark could not be established.
Emergency Answering Factor %	1	NA		NA	83.12%	The percentage of emergency telephone calls from customers that are handled within a 20 second time interval. Performance data for Year 2003 represents the second annual data point. Therefore, a benchmark could not be established.
Service Appointments Kept %	1	NA		NA	100.00%	The percentage of service appointments met by the Company on the same day scheduled. Performance data for Year 2002 represents the second annual data point.
Meter Reads %	1	NA		NA	83.51%	
Consumer Division Cases	9	3.30	4.30	2.30	8.00	
Bill Adjustments (\$/1000 customers)	7	\$4.38	\$15.06	-\$6.29	\$0.00	
Lost Time Accident Rate (# of acc/200,000 employee hours) *	9	1.80	5.36	1.80	0.00	
Response To Odor Calls (%)	2	95.00%		NA	100%	

(1) For measures with less than one year of data, tracking began after Jan 01 but before Jan 02.

(3) Mean included in AG -1-14 (e).

(2) Created by adding/subtracting the standard deviations to/from the mean. - Threshold at which penalties/offsets will be applied.

ADDITIONAL REPORTING	Years in Database	Historical Average/Mean (2)	Benchmark Deadbands (3)	Performance in 2003	Comments
Restricted Work Day (# of acc/200,000 employee hours)	10	0.00	NA	0.00	
Property Damage > 5K (#)	3	0	NA	0	The Company did not have property damage over \$5,000 in 2003 in the North Attleboro Service Area.
Unaccounted for Gas (Mcf)	10	15,925	NA	28,094	
Capital Expenditures	8	\$476,208	NA	\$448,897	
Spare Component & Inventory Policy	NA	NA	NA	NA	NA
Customer Surveys : Random Calls Residential Customers	2	NA	NA	5.88	Survey for residential customers who may or may not have recently contacted the Company. Using a scale of 1 = very dissatisfied and 7 = very satisfied; How satisfied are you with the service you are receiving.
Customer Surveys : Recent Contacts	2	NA	NA	6.1	Survey for any customer who had recent contact with the Company. Using a scale of 1 = very dissatisfied and 7 = very satisfied; How satisfied were you with the service you received..
Reporting of Safety Accidents	2	NA	NA	0	The Company did not have any accidents in the North Attleboro Service Area in 2003.
Customer Service Guarantees	1	NA	NA	0	The Company did not miss any scheduled service appointments and did not fail to notify customers of scheduled service outages in the North Attleboro Service Area in 2003.
Staffing Levels	6	11	NA	4	Benchmark represents 1997 staffing level.

(1) Rolling average of most recent data points

**2003 SQI  
Annual Report  
Section 2**



## **SECTION 2**

### **Performance Review for Year Ending December 31, 2003**

#### **I. INTRODUCTION**

In accordance with the directives of the Department of Telecommunications and Energy (the "Department"), the New England Gas Company (the "Company") hereby presents its annual service-quality performance report (the "Report") for the Fall River Service Area ("Fall River") and North Attleboro Service Area ("North Attleboro") (together, the "Service Areas"), based on service-quality data collected through December 31, 2003. This Report is filed pursuant to the provisions of the service-quality plans (the "SQ Plans") submitted to the Department in March 2002.

The Report provides: (1) the Company's 2003 performance data for each service quality category required by the Department to be tracked; (2) historical data supporting benchmarks for such categories; and (3) supporting information and reports on certain service quality measures required by the Department to be reported. The Company's 2003 performance benchmarks for certain categories were based on 10 years of data, and thus, the Company did not revise such benchmarks for purposes of measuring 2003 performance.<sup>1</sup> In instances where benchmarks have been established on less than 10 years of data, the Company updated such benchmarks, as required by the guidelines established by the Department in Service Quality Standards, D.T.E. 99-84 (2001) ("D.T.E. 99-84").<sup>2</sup> In addition, the Company continues to compile data for several performance categories for which the Company began tracking data only during the last two years, and thus, the Company has not yet compiled sufficient data to establish performance benchmarks for such categories.<sup>3</sup> The Company will continue to

---

<sup>1</sup> Those categories are: (1) Billing Adjustments (Fall River Service Area); (2) Lost Work Time Accident Rate (Fall River Service Area); and (3) Consumer Division Cases (Fall River Service Area).

<sup>2</sup> Those categories are: (1) On-Cycle Meter Readings (Fall River Service Area); (2) Consumer Division Cases (North Attleboro Service Area); (3) Billing Adjustments (North Attleboro Service Area); and (4) Lost Work Time Accident Rate (North Attleboro Service Area).

<sup>3</sup> Those categories are: (1) Telephone Service Factor – Emergency and Non-Emergency (both Service Areas); (2) Service Appointments Met on the Same Day Requested (both Service Areas); and (3) On-Cycle Meter Readings (North Attleboro Service Area).

establish and update its performance benchmarks as additional data become available.<sup>4</sup>

## II. PERFORMANCE MEASURES

### A. Customer Service and Billing Performance Measures

#### 1. Telephone Service Factor

Under Section II.A of the Company's SQ Plans, the Company is required to collect and report statistics on the percentage of telephone calls from customers that are handled within a 20-second time interval. Until the issuance of D.T.E. 99-84 on June 29, 2001, the Company had not compiled performance statistics on the telephone-response time for either the Fall River or North Attleboro Service Areas. As of September 2001, the Company began collecting data on the percentage of telephone calls handled within 20 seconds for the Fall River Service Area, including both emergency and non-emergency calls. Tracking for the North Attleboro Service Area non-emergency calls began in January 2002, and in June 2002 for emergency calls. Thus, as of December 31, 2003, there are two annual data points for the Fall River Service Area telephone service factor and one annual data point for the North Attleboro Service Area's telephone service factor.. Appropriate benchmarks for this measure will be proposed for both Service Areas once the Company has compiled three years of historical performance data to serve as a basis for the calculation. The Company's 2003 performance was 30.40% for Fall River and 41.48% for North Attleboro.

#### 2. Service Appointments Met on the Same Day Requested

Under Section II.B of the SQ Plans, the Company is required to gather data on the percentage of service appointments met by Company personnel on the same day requested. The Company did not track this measure for the Service Areas prior to the issuance of D.T.E. 99-84. The Company began tracking performance on this measure as of July 1, 2001. Thus, as of December 31, 2003, there are two annual data points for this measure for both Service Areas. The Company will establish appropriate benchmarks for this measure once it has compiled three years of historical performance data to serve as a basis for the benchmark calculation. The Company's 2003 performance for this measure was 99.11% for Fall River and 98.92% for North Attleboro.

<sup>4</sup>

For example, in its next annual filing in March 2004, the Company will evaluate its service-quality performance for the year ending December 31, 2003, in comparison to the benchmarks established in this proceeding using performance data through December 31, 2003. The Company will also update the benchmarks to include data through December 31, 2003, to the extent that any benchmarks established in this proceeding are based on less than 10 years of data.

### 3. On-Cycle Meter Readings

Under Section II.C of the SQ Plans, the Company is required to collect and report data on the percentage of meters that are actually read by the Company, monthly. The Company has established a benchmark for this measure for the Fall River Service Area, which will be re-calculated for 2004 to include its 2003 performance for this measure. As detailed in Section 3, Appendix H, the benchmark against which performance in 2004 will be measured will decrease from 82.17% to 81.33%. The Fall River Service Area's 2003 performance for this measure was 77.10%. The Fall River Service Area's 2003 performance level was less than its 2003 benchmark of 82.17% and therefore, a penalty of \$40,844 was calculated for this performance measure.

The Company began tracking data for this measure for the North Attleboro Service Area as of July 1, 2001. Thus, as of December 31, 2003, the Company has two annual data points for this measure for the North Attleboro Service Area. The Company will propose a benchmark for the North Attleboro Service Area in relation to this measure once the North Attleboro Service Area has three years of data for this measure. The North Attleboro Service Area's performance in this measure for 2003 was 83.51%.

#### B. Customer Satisfaction Performance Measures

##### 1. Consumer Division Cases and Billing Adjustments

Under Sections III.A and B of the SQ Plans, the Company is required to track the number of customer complaints for each Service Area filed with the Department's Consumer Division and the amount of billing adjustments per 1,000 residential customers based on data compiled and reported to the Company by the Department. The Fall River Service Area's benchmarks for each of these measures were fixed in 2003 and 2002, respectively. Accordingly, as set forth in Section 3, Appendix H, the benchmark for Consumer Division Cases relating to the Fall River Service Area is fixed at 55.3 cases. The benchmark for billing adjustments for the Fall River Service Area will remain fixed at \$24.27. The Fall River Service Area's 2003 performance in each of these measures was 65 cases and \$8.55, respectively.

As of the end of 2003, the Company has 10 years of historical data for Consumer Division Cases relating to the North Attleboro Service Area and 8 years of historical data for billing adjustments. Accordingly, as set forth in Section 3, Appendix H, the 2004 benchmarks for these measures for the North Attleboro Service Area were recalculated to include the North Attleboro Service Area's 2003 performance. The North Attleboro Service Area's benchmarks for Consumer Division Cases will increase from 3.3 to 3.8 cases and will remain fixed for the duration of the Company's plan. The North Attleboro Service Area's benchmark for Billing Adjustments will decrease to \$3.84 from \$4.38. In 2003, the North Attleboro Service Area's performance relating to these measures was 8

cases and \$0, respectively. The North Attleboro Service Area's 2003 performance level for Consumer Division Cases did not meet its 2003 benchmark of 3.3 cases and therefore, a penalty of \$2,775 was calculated for this performance measure.

C. Safety And Reliability Performance Measures

1. Response to Odor Calls

Under Section V.A of the SQ Plans, the Company is required to submit data on the percentage of Class 1 and Class II odor calls that are responded to within one hour. The Company began tracking this measure for the Service Areas in January 2001. The Department has set an annual benchmark for the Company of 95% performance for this measure. The Company is pleased to report that its 2003 performance for this measure was 100% for both Service Areas. Accordingly, the Company has calculated offsets for this measure of \$183,797 for the Fall River Service Area and \$24,973 for the North Attleboro Service Area.

2. Lost Work Time Accident Rate<sup>5</sup>

Under Section V.B of the SQ Plans, the Company is required to report on the Incidence Rate of Lost Work Time Injuries and Illness per 200,000 Employee Hours (the "Lost Time Work Accident Rate"), as defined by the U.S. Department of Labor Bureau of Labor Statistics, for each Service Area. The benchmark for this measure for the Fall River Service Area was established in 2002 using 10 years of data. Accordingly, the benchmark for this measure for the Fall River Service Area will remain fixed for the duration of the plan at 2.35. The Fall River Service Area's 2003 Lost Work Time Accident Rate was 2.27.

Because the benchmark for North Attleboro Service Area was set last year based on more than 3 years, but less than 10 years of data, the benchmark for the North Attleboro Service Area's Lost Work Time Accident Rate was recalculated for 2004 to include the North Attleboro Service Area's 2003

---

<sup>5</sup> Effective January 1, 2002, the U.S. Department of Labor, Occupational Safety and Health Administration, revised the regulations concerning the recording and reporting requirements for occupational injuries and illnesses. See 29 CFR § 1904.7. Specifically, the revised regulations require the Company to include the number of calendar days that an employee was unable to work as a result of injury, regardless of whether or not the employee was scheduled to work on those days (29 CFR § 1904.7(iv)). The Company's performance benchmark for Lost-Work Time Accident Rate, which is based on at least ten years of historical information for each Service Area, excludes weekends, holidays or other days that an employee would not normally have reported to work. However, for OSHA reporting purposes, the Company has maintained a log of occupational injuries or illnesses consistent with the new regulation. For purposes of the annual service-quality report, the Company will track and report its performance consistent with the prior version of the regulation so that the performance data will match the historical data composing the performance benchmark.

performance and will decrease from 1.8 to 0.9.<sup>6</sup> The North Attleboro Service Area's 2003 Lost Work Time Accident Rate was 0.00.

---

<sup>6</sup>

As noted by the Company during the D.T.E. 03-22 proceeding in 2003, the 2003 benchmark for this measure for the North Attleboro Service Area is 1.8 (see New England Gas Company, D.T.E. 03-22 (Company response to Information Request AG-1-14).

**2003 SQI  
Annual Report  
Historical Data  
Penalty / (Offset) Calculation**



**Fall River Service Area  
2003 Performance**

<u>Measures</u>	<u>Required Years History</u>	<u>Actual Years Available</u>	<u>Historical Average</u>	<u>Std Dev</u>	<u>Penalty/ Offset Weight</u>	<u>Maximum (2) Penalty</u>	<u>Observ.</u>	<u>Variance</u>	<u>Results - 2003 No. of Std Devs</u>	<u>Penalty / (Offset)</u>
<u>Customer Service and Billing</u>										
% Calls Answered (1)	10	2	NA	NA	12.5%	\$51,055	30.40%	NA	NA	NA
% Emergency Calls Answ.							86.09%			
% Non-Emergency Calls Answ.							23.64%			
% Service Appointments Met	10	2	NA	NA	12.5%	\$51,055	100.00%	NA	NA	NA
% On-Cycle Meter Reads	10	6	82.17%	0.81%	10.0%	\$40,844	77.10%	-5.07%	-6.2845	40,844
<u>Safety and Reliability</u>										
Lost Work Day Accidents	10	12	2.35	3.89	10.0%	\$40,844	2.27	(0.08)	-0.0197	0
% Class I & II Odor Calls (3)	NA	3	95%	NA	45.0%	\$183,797	100%	5.00%	0	(183,797)
<u>Consumer Division Statistics</u>										
Consumer Division Cases	10	11	55.30	15.370	5.0%	\$20,422	65	9.70	0.6311	0
Billing Adjustments	10	11	\$24.27	22.20	5.0%	\$20,422	\$8.55	(15.72)	-0.7081	0
<b>Total</b>					<b>100.0%</b>	<b>\$408,439</b>				<b>\$ (142,954)</b>

**Notes**

- (1) Telephone statistic based on calls handled within 20 Seconds; includes abandoned calls.
- (2) Max penalty is incurred at 2 sd from average
- (3) Penalty/ (Offset) equal to 25% of max apply to each percentage point below/above 95% up to the max penalty.
- (4) Two percent of CY03 T&D revenues . \$408,439

Maximum Penalty / (Offset)

408,439

## Fall River Service Area

Measures	History										
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<u>Customer Service and Billing</u>											
% Calls Answered	37.76%										
% Service Appointments Met	100.00%										
% On-Cycle Meter Reads	82.87%	83.00%	82.00%	81.00%	82.00%						
<u>Safety and Reliability</u>											
Lost Work Day Accidents		2.72	0.00	0.65	0.66	0.00	2.11	0.63	1.93	1.71	13.09
Class I & II Odor Calls	99.29%	96.30%									
<u>Consumer Division Statistics</u>											
Consumer Division Cases	50	50	74	72	78	55	45	56	44	29	
Billing Adjustments	0.00	12.65	54.96	11.09	22.26	3.16	30.42	15.73	71.57	11.39	9.45

Notes

**North Attleboro Service Area  
2003 Performance**

<u>Measures</u>	<u>Required Years History</u>	<u>Actual Years Available</u>	<u>Historical Average (2)</u>	<u>Std Dev</u>	<u>Penalty/ Offset Weight</u>	<u>Maximum (3) Penalty</u>	<u>Observ.</u>	<u>Variance</u>	<u>Results - 2003 No. of Std Devs</u>	<u>Penalty / (Offset)</u>
<b><u>Customer Service and Billing</u></b>										
% Calls Answered (1)	10	1	NA		12.5%	\$6,937	41.48%	NA	NA	NA
% Emergency Calls Answ.							83.12%			
% Non-Emergency Calls Answ.							39.52%			
% Service Appointments Met	10	1	NA		12.5%	\$6,937	100.00%	NA	NA	NA
% On-Cycle Meter Reads	10	1	NA		10.0%	\$5,550	83.51%	NA	NA	NA
<b><u>Safety and Reliability</u></b>										
Lost Work Day Accidents	10	9	1.80	3.72	10.0%	\$5,550	0.00	(1.80)	-0.4835	0
% Class I & II Odor Calls (4)	NA	2	95%	NA	45.0%	\$24,973	100%	5.00%	5.00%	\$ (24,973)
<b><u>Consumer Division Statistics</u></b>										
Consumer Division Cases	10	9	3.3	2.179	5.0%	\$2,775	8.00	4.70	2.1565	2,775
Billing Adjustments	10	7	\$4.38	10.68	5.0%	\$2,775	\$0.00	(4.38)	-0.4106	0
<b>Total</b>					<b>100.0%</b>	<b>\$55,495</b>				<b>(22,198.02)</b>

**Notes**

- (1) Telephone statistic based on calls handled within 20 Seconds; includes abandoned calls.
- (2) Mean included in AG -1-14 (e)
- (3) Max penalty is incurred at 2 sd from average
- (4) Penalty/ (Offset) equal to 25% of max apply to each percentage point below/above 95% up to the max penalty.
- (5) Two percent of total T&D revenue in 2002. \$55,495

Maximum Penalty / (Offset)

\$5,495

## North Attleboro Service Area

Measures	History								
	2002	2001	2000	1999	1998	1997	1996	1995	1994
<u>Customer Service and Billing</u>									
% Calls Answered									
% Service Appointments Met	99.81%								
% On-Cycle Meter Reads	84.20%								
<u>Safety and Reliability</u>									
Lost Work Day Accidents	0.00	9.12	0.00	0.00	0.00	0.00	0.00	0.00	6.93
Class I & II Odor Calls	100%	100%							
<u>Consumer Division Statistics</u>									
Consumer Division Cases	2	3	1	3	1	5	NA	6	2
Billing Adjustments	\$0.00	\$2.16	\$0.00	\$0.00	\$0.00	\$0.00	\$28.52		

### Notes

In the 2003 Annual SQ Report, the Company reported 94.83% as the number of non-emergency calls answered in 20 seconds.

**2003 SQI  
Annual Report  
Section 3**



## **SECTION 3**

### **Other Reporting Requirements**

#### **I. Introduction**

Pursuant to Section IV and VII of the SQ Plans, New England Gas Company is required to report on an annual basis information regarding the following indicators:

- Customer Surveys
- Restricted Work Day Rate;
- Unaccounted-for Gas;
- Damage to Company Property in Excess of \$5,000;
- Major Capital Investments in Transmission and Distribution Infrastructure;
- Spare Component Acquisition and Inventory Policy and Practice;
- and
- Staffing Levels.

The Company is also required to report annually on customer payments credited as a result of the Company's Customer Service Guarantee Program. This information is presented below and in the accompanying appendices to this section. In addition, the Company has included as Appendix H updated historical data that includes the Company's 2003 performance data, and updated benchmarks for 2004 performance, where benchmarks have not yet been fixed for the term of the Company's SQ plan.

#### **II. Non-Penalty Performance Measures**

##### **A. Customer Surveys (Appendix A)**

Under Section III.C of the SQ Plans, the Company is required to conduct and report the results of two consumer surveys regarding each Service Area: (1) a customer satisfaction survey of a statistically representative sample of residential customers; and (2) a survey of customers randomly selected from those customers who have contacted the Company's customer service

department within the year in which service is being measured. In 2003, the Company used an outside research firm to conduct both surveys for the Fall River and North Attleboro Service Areas. The results of the surveys are presented in Section 3, Appendix A.

**B. Restricted Work Day Rate (Appendix B)**

Pursuant to Section VII.A of the SQ Plans, the Company is required to report the Restricted Work Day Rate for each Service Area to the Department on an annual basis. The Restricted Work Day Rate is the Incidence Rate of Restricted Work Cases Per 200,000 Employee Hours, as defined by the U.S. Department of Labor, Bureau of Labor Statistics. In the Company's 2002 Annual Report, the Restricted Work Day Rate for the Fall River Service Area was reported incorrectly as the incidence rate, rather than the frequency rate. The Company has corrected this error in this Report and provided the correct current and historical data in Section 3, Appendix B.

**C. Unaccounted-For Gas (Appendix C)**

Pursuant to Section VII.A of the SQ Plans, the Company is required to report its Unaccounted-for Gas for each Service Area to the Department on an annual basis. The Company's current and historical data on this measure for each Service Area is presented in Section 3, Appendix C.

**D. Damage to Company Property (Appendix D)**

Pursuant to Section VII.A of the SQ Plans, the Company is required to report on an annual basis property damage over \$5,000 for each Service Area that is reported to the Gas Pipeline Safety & Engineering Division. During 2002, neither Service Area had property damage over \$5,000. Accordingly, this information is reported in Section 3, Appendix D.

**E. Capital Expenditures (Appendix E)**

Pursuant to Section VII.D of the SQ Plans, the Company is required to report on an annual basis the capital investment approved and capital investment completed in the Company's transmission and distribution infrastructure. Information regarding the total number of projects and total expenditure for capital projects for each Service Area, along with supporting information, is presented in Section 3, Appendix E.

**F. Spare Component and Acquisition Inventory Policy (Appendix F)**

Pursuant to Section VII.E of the SQ Plans, the Company is required to report on an annual basis its policy for identifying, acquiring, and stocking critical spare components for its distribution and transmission system. Historically, neither the Fall River nor North Attleboro Service Areas have maintained a

formal, written policy for identifying, acquiring, and stocking spare components. As a result of its efforts to consolidate operations following the merger, the Company has developed such a policy. The report is provided in Section 3, Appendix F.

G. Staffing Levels (Appendix G)

Pursuant to Section IV of the SQ Plans, the Company will provide staffing level information on an annual basis. The report is provided in Section 3, Appendix G.

III. Customer-Service Guarantees

Consistent with Section XI of the SQ Plans, the Company instituted a system of customer-service guarantees for the Fall River and North Attleboro Service Areas as of January 1, 2002. Specifically, the Company will provide customer guarantees for each Service Area in the amount of \$25.00 for each: (1) scheduled service appointments for which Company personnel are more than four hours late; and (2) scheduled service outages for which the Company has failed to notify affected customers. In 2003, the Company did not remit any guarantees to customers in either Service Area.

**Customer  
Survey Results  
2003**

**Appendix A**



New England Gas Company 2003 Customer Satisfaction Survey Results
--

Two groups of customers were surveyed:

1. Residential customers who may or may not have recently contacted the Company;  
and
2. Any customer who had recent contact with the Company through the telephone  
center, walk-in center or through a service call.

The samples for the survey were randomly selected to include customers in these two groups. The statistical significance of the survey was 93% for the Fall River Service Area, with a confidence level of + 4.7. The statistical significance of the survey was 92% for the North Attleboro Service Area, with a confidence level of + 5.0.

The following questions were asked of customers:

Using a scale of 1 = very dissatisfied and 7 = very satisfied; How satisfied are you with the service you are receiving from Fall River \North Attleboro Service Area.

Using a scale where 1 = very dissatisfied and 7 = very satisfied; how satisfied were you with the service you received from the customer service department of Fall River/North Attleboro Service Area?

The mean scores for Question 1 were 4.41 for the Fall River Service Area and 5.88 for the North Attleboro Service Area. The mean scores for Question 2 were 5.20 for the Fall River Service Area and 6.10 for the North Attleboro Service Area.

# **RESTRICTED WORK DAY DATA**

**YEAR ENDING DECEMBER 31, 2003**

## **Appendix B**



**Fall River  
Service Area  
Restricted Work Day**

Year	Restricted Work-Day Rate
1994	9.02
1995	6.92
1996	7.04
1997	10.36
1998	11.17
1999	4.54
2000	5.22
2001 *	5.44
2002	8.26
2003	4.55
Average	7.25

\* Incorrectly reported as 4.76 in AG-1-14 (f)

**North Attleboro  
Service Area  
Restricted Work Day**

<b>Year</b>	<b>Restricted Work-Day Rate</b>
<b>1994</b>	0.00
<b>1995</b>	0.00
<b>1996</b>	0.00
<b>1997</b>	0.00
<b>1998</b>	0.00
<b>1999</b>	0.00
<b>2000</b>	0.00
<b>2001</b>	0.00
<b>2002</b>	0.00
<b>2003</b>	0.00
<b>Average</b>	0.00

# **Unaccounted for Gas**

**YEAR ENDING DECEMBER 31, 2003**

## **Appendix C**



**Fall River  
Service Area  
Unaccounted Gas**

Year	Unaccounted Gas MCF
1994	173,974.2
1995	447,443.8
1996	60,495.9
1997	243,861.7
1998	118,355.6
1999	195,010.3
2000	530,629.6
2001	40,323.0
2002	374,568.5
2003	257,252.0
10-YR Average	244,191.5

**North Attleboro  
Service Area  
Unaccounted For Gas**

Year	Unaccounted Gas MCF
1993	n/a
1994	n/a
1995	17,014.0
1996	6,384.0
1997	17,356.0
1998	19,597.0
1999	4,279.0
2000	8,487.0
2001	11,453.0
2002	7,772.6
2003	28,094.0
Average	11,542.8

# **Damage to Company Property**

**YEAR ENDING DECEMBER 31, 2003**

## **Appendix D**



<p>New England Gas Company Damage to Company Property</p>
---

Neither Fall River nor North Attleboro had damage to Company Property greater than \$5,000.

# **Capital Expenditures**

**YEAR ENDING DECEMBER 31, 2003  
&  
Historical Information**

## **Appendix E**

**New England Gas Company**





Fall River Service Area  
2003 Capital Expenditure Reporting

		<u>FALL RIVER</u>	<u>SOMERSET</u>	<u>SWANSEA</u>	<u>WESTPORT</u>	<u>DARTMOUTH</u>	<u>TOTAL</u>
	<b><u>ADDITIONS:</u></b>						
313000	Generating Equipment	16,634.04	-	-	-	-	\$ 16,634.04
320000	Other equipment	60,389.32	-	-	-	-	60,389.32
376000	Plastic mains	790,196.49	(385,476.98)	40,893.91	44,253.86	-	489,867.28
380000	Services	580,597.23	259,499.72	86,111.37	119,417.85	2,162.42	1,047,788.59
381000	New meters	81,359.84	-	-	-	-	81,359.84
382000	Meter installations	138,931.41	24,376.56	8,098.50	8,249.30	417.99	180,073.76
390000	Structures & Improvements	13,605.29	-	-	-	-	13,605.29
391000	Office equipment	2,080.98	-	-	-	-	2,080.98
397000	Communication equipment	12,640.12	-	-	-	-	12,640.12
	<b>Total additions:</b>	<b>\$ 1,696,434.72</b>	<b>\$ (101,600.70)</b>	<b>\$ 135,103.78</b>	<b>\$ 171,921.01</b>	<b>\$ 2,580.41</b>	<b>\$ 1,904,439.22</b>
	<b><u>RETIREMENTS:</u></b>						
392000	Transportation Equipment	(99,582.20)	-	-	-	-	\$ (99,582.20)
	<b>Total retirements:</b>	<b>\$ (99,582.20)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (99,582.20)</b>
	<b>Net change:</b>	<b>\$ 1,596,852.52</b>	<b>\$ (101,600.70)</b>	<b>\$ 135,103.78</b>	<b>\$ 171,921.01</b>	<b>\$ 2,580.41</b>	<b>\$ 1,804,857.02</b>

*Note: Plastic Mains reflects a reimbursement received prior to completion of project.*



**Fall River Service Area  
Capital Expenditure Information  
Transmission and Distribution Plant**

Booked Investment	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Additions:</b>									
Generating Equipment									\$16,634
Structures & Improvements	\$21,602			\$1,638					\$13,605
Mains	\$1,966,830	\$437,459	\$523,222	\$431,697	\$168,498	\$532,197	\$114,199	\$783,033	\$489,867
Measure & Regulator	\$201,515	\$8,531	\$18,527	\$6,546	\$24,022	\$22,389	\$50,881	\$38,952	\$60,389
Services	\$2,519,165	\$1,461,230	\$1,325,328	\$998,711	\$988,392	\$1,132,359	\$636,801	\$1,400,616	\$1,047,789
Meters	\$233,894	\$135,807	\$135,390	\$285,991	\$16,329	\$86,159	(\$7,532)	\$138,470	\$81,360
Meter Installations	\$493,970	\$242,345	\$200,156	\$201,814	\$199,938	\$242,000	\$149,748	\$329,502	\$180,074
House Regulators	\$38,219	\$19,893	\$19,615	\$18,810	\$13,435	\$15,615	\$14,230	\$11,160	
Other	\$3,817	\$0	\$3,983			\$11,200	\$31,071	\$0	\$14,721
sub-total	\$ 5,479,012.11	\$2,305,265	\$2,226,221	\$1,943,207	\$1,410,614	\$2,041,919	\$989,397	\$2,701,732	\$1,904,439
<b>Retirements</b>									
Mains	(\$33,447)	(\$2,737)	(\$59,060)	(\$18,827)	(\$13,149)	(\$10,647)	(\$79,629)	(\$9,665)	\$0
Measure & Regulator	\$0	(\$4,750)	(\$271)	(\$1,677)	(\$18,849)	(\$7,789)			\$0
Services	(\$136,396)	(\$142,831)	(\$70,808)	(\$36,311)	(\$61,448)	(\$75,873)	(\$122,013)	(\$75,231)	\$0
Meters	(\$27,854)	(\$32,741)	(\$27,146)	(\$21,800)	(\$20,371)	(\$12,511)	(\$10,418)	(\$4,310)	(\$9,582.20)
Meter Installations	(\$39,742)	(\$38,013)	(\$27,094)	(\$18,833)	(\$26,855)	(\$18,965)	(\$31,022)	(\$10,981)	\$0
House Regulators		(\$8,380)	(\$5,157)	(\$2,682)	(\$4,688)	(\$2,444)	(\$5,645)	(\$4,988)	\$0
Other			(\$2,940)						
sub-total	(\$237,439)	(\$229,452)	(\$192,477)	(\$100,130)	(\$145,361)	(\$128,230)	(\$248,727)	(\$105,174)	(\$99,582)
<b>Total</b>	<b>\$5,241,573</b>	<b>\$2,075,813</b>	<b>\$2,033,744</b>	<b>\$1,843,076</b>	<b>\$1,265,253</b>	<b>\$1,913,689</b>	<b>\$740,670</b>	<b>\$2,596,558</b>	<b>\$1,804,857</b>
<b>Facilities</b>									
<b>Added (feet)</b>									
Wrought Iron and Steel	90	650	0	0	18	0	0	116	149
Plastic	42,598	20,449	26,389	23,116	20,058	17,462	33,339	9,659	44,408
Cast Iron	0	0	0	0	0	0	0	0	0
sub-total	42,688	21,099	26,389	23,116	20,076	17,462	33,339	9,775	44,557
<b>Taken up (feet)</b>									
Wrought Iron and Steel	0	0	0	0	612	0	0	0	0
Plastic	0	0	0	0	0	0	0	0	0
Cast Iron	0	0	0	0	0	0	0	0	0
sub-total	0	0	0	0	612	0	0	0	0
<b>Abandoned (feet)</b>									
Wrought Iron and Steel	10,823	5,184	11,463	3,874	4,845	2,069	15,724	149	12,545
Plastic	1,099	219	286	0	171	138	39	242	688
Cast Iron	654	3,113	4,743	178	299	404	13,260	1,416	3,861
sub-total	12,576	8,516	16,492	4,052	5,315	2,611	29,023	1,807	17,094
<b>Net change</b>	<b>30,112</b>	<b>12,583</b>	<b>9,897</b>	<b>19,064</b>	<b>14,149</b>	<b>14,851</b>	<b>4,316</b>	<b>7,968</b>	<b>27,463</b>

[1] information to be filed with Department in 2001 Annual Report



North Attleboro Service Area  
2003 Capital Expenditure Reporting

<b>Additions:</b>		
37600-01	Plastic Mains	\$ 110,428.86
37800-01	Distribution Regulator Equipment	759.55
38000-01	Regular services	218,135.44
38100-01	Meters	(11,438.00)
38200-01	Meter Installation	8,770.28
10700	Construction Work in Process	122,240.62
	<b>Total additions</b>	<b>\$ 448,896.75</b>
<b>Retirements:</b>		
37600-01	Steel Mains	\$ -
38000-01	Regular services	-
38100-01	Meters	-
38200-01	Meter Installation	-
39100	Furniture & Equipment	-
	<b>Total retirements</b>	<b>\$ -</b>
	<b>Net change</b>	<b>\$ 448,896.75</b>



**North Attleboro Service Area  
Capital Expenditure Information  
Transmission and Distribution Plant**

	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Booked Investment</b>									
<b>Additions:</b>									
367 Mains	\$212,341	\$159,997	\$217,736	\$482,223	\$149,449	\$225,929	\$148,408	\$133,567	\$ 110,428.86
369 Measure & Regulator	\$4,200	\$8,817	\$37,289	\$1,605	\$0	\$0	\$0	\$1,098	759.55
380 Services	\$151,932	\$183,267	\$193,537	\$215,085	\$219,804	\$309,385	\$255,175	\$275,618	218,135.44
381 Meters	\$20,374	\$16,019	\$15,751	\$14,588	\$35,091	\$3,586	\$6,787	\$4,250	(11,438.00)
382 Meter Installations	\$51,258	\$50,341	\$81,183	\$68,636	\$20,345	\$58,833	\$31,537	\$18,807	8,770.28
10700 CWIP									122,240.62
sub-total	\$440,105	\$418,441	\$545,496	\$782,137	\$424,689	\$597,733	\$441,907	\$433,340	\$ 448,896.75
<b>Retirements</b>									
367 Mains	(\$9,650)	(\$6,502)	(\$5,078)	(\$10,472)	(\$10,615)	(\$3,271)	(\$1,828)	(\$10,742)	\$ -
369 Measure & Regulator	(\$400)	(\$811)	\$0	\$0	\$0	\$0	\$0	\$0	-
380 Services	(\$24,466)	(\$6,471)	(\$14,823)	(\$33,527)	(\$18,892)	(\$20,513)	(\$15,405)	(\$15,554)	-
381 Meters	(\$2,288)	(\$5,093)	(\$3,508)	(\$2,501)	(\$3,617)	(\$1,278)	(\$1,012)	(\$2,548)	-
382 Meter Installations	(\$1,200)	(\$1,000)	(\$1,150)	(\$642)	(\$500)	(\$4,200)	(\$3,577)	(\$3,737)	-
sub-total	(\$38,004)	(\$19,877)	(\$24,559)	(\$47,142)	(\$33,624)	(\$29,262)	(\$21,822)	(\$32,581)	\$ -
<b>Total</b>	\$402,101	\$398,564	\$520,937	\$734,995	\$391,065	\$568,471	\$420,085	\$400,759	\$448,897
<b>Facilities</b>									
<b>Added (feet)</b>									
Welded Steel	0	2	0	0	0	0	0	0	0
Screw Steel	0	0	8	0	0	0	0	0	0
Plastic	6,704	7,224	12,658	21,364	7,466	7,373	9,844	6,559	4,251
Cast Iron	0	0	0	0	0	0	0	0	0
sub-total	6,704	7,226	12,666	21,364	7,466	7,373	9,844	6,559	4,251
<b>Taken up (feet)</b>									
Welded Steel	0	2,552	0	0	615	0	32	0	0
Screw Steel	0	122	2,205	3,015	2,088	517	2,510	0	0
Plastic	0	22	0	175	33	103	276	0	0
Cast Iron	0	0	755	937	1,438	1,344	0	0	0
sub-total	0	2,698	2,960	4,127	4,174	1,964	2,818	0	0
<b>Abandoned (feet)</b>									
Welded Steel	0	0	0	0	0	0	0	0	0
Screw Steel	1,826	0	0	0	0	0	0	570	0
Plastic	148	0	0	0	0	0	0	0	0
Cast Iron	3,067	0	0	0	0	0	0	434	0
sub-total	5,041	0	0	0	0	0	0	1,004	0
<b>Net change</b>	1,663	4,530	9,706	17,237	3,292	5,409	7,026	5,555	4,251

**Spare Component  
and  
Acquisition Inventory Policy**

**YEAR ENDING DECEMBER 31, 2003**

**Appendix F**

**New England Gas Company**



# New England Gas Company

## Spare Component and Acquisition Inventory Policy

The New England Gas Company (the "Company" or "NEGas") manages all inventory items with the Lawson software application. The system provides the Company with one integrated Materials Management software system for each of the Company's service areas, which are located in Fall River, Massachusetts, North Attleboro, Massachusetts, Cumberland, Rhode Island, and Providence, Rhode Island. In addition, each location shares a common part numbering sequence for inventory items for both distribution and customer service requirements. This process has evolved over the last two years for the Company's North Attleboro and Fall River Service Areas since their acquisition by Southern Union Company. As a result of corporate integration, the Service areas now operate all warehouses with the same policies and procedures within the Materials Management Department.

### Stock Replenishment Practice

Best practices are incorporated into the inventory processes at the Company to assure critical and routine items are in stock. Inventory is conducted utilizing the A, B, C analysis method and inventory is ordered based on minimum, maximum and safety inventory <sup>1</sup> levels the Company has assigned to each individual item. The Company also has a Purchasing Team comprised of the Purchasing, Materials Management, Construction and Maintenance, Engineering and Customer Service Departments which meet monthly to identify stock level changes in certain inventory items due to seasonal business changes (i.e., repair clamps in winter) and large projects. These combined processes allow NEGas to operate with optimum inventory levels to support all construction maintenance and customer service requirements.

### Integration of Inventory Items

In an effort to standardize the service areas within the Company's Materials Management Department the company has made great strides in bringing the inventory to a more common platform. Items such as plastic pipe, meters, clamps, meter bars and other common industry items already standardized by the Company have allowed for more cost-effective procurement and the benefit of being able to draw common parts and critical items from one of four warehouses. The "Products Evaluation Team" comprised of the Purchasing, Materials Management, Construction and Maintenance, Meter Services, Safety, Customer Service and Engineering Departments meet monthly to continue the integration of inventory items parts among the service areas and evaluations of new products and services offered in the industry.

### Critical Inventory Items

The Engineering and Construction and Maintenance Departments have identified critical items for the Company's distribution system. Items such as large cutoffs, clamps and other parts are in stock at each warehouse for emergency purposes. If any critical inventory is used it is replaced immediately to assure the Company's emergency inventory items stay at the assigned levels. If the Engineering or Construction and Maintenance Departments identify new item(s) as critical, they will notify the Materials Management Department and the item(s) will be ordered and stocked. In addition, the Company networks with other utilities in the Northeast and New York as necessary in obtaining critical items as a last resort.

---

<sup>1</sup> Safety inventory: one inventory item above the Company's minimum inventory requirement.

With the processes and practices noted above, the Fall River and North Attleboro Service Areas have been successful in maintaining all necessary items for emergency and routine work. The continued integration of all the service areas will continue to standardize and reduce the number of critical items required for all locations. In addition, the Company will continue to monitor the best practices within the industry and implement them as necessary to assure that it maintains a credible and accurate inventory system.

# **Staffing Levels**

**YEAR ENDING DECEMBER 31, 2003**

## **Appendix G**



**Fall River  
Service Area  
Employee Count**

<b>Year</b>	<b>Number of Employees</b>
<b>1997</b>	<b>177</b>
<b>1998</b>	<b>172</b>
<b>1999</b>	<b>169</b>
<b>2000</b>	<b>170</b>
<b>2001</b>	<b>160</b>
<b>2002</b>	<b>145</b>
<b>2003</b>	<b>141</b>

**North Attleboro  
Service Area  
Employee Count**

<b>Year</b>	<b>Number of Employees</b>
<b>1997</b>	<b>11</b>
<b>1998</b>	<b>14</b>
<b>1999</b>	<b>13</b>
<b>2000</b>	<b>13</b>
<b>2001</b>	<b>10</b>
<b>2002</b>	<b>5</b>
<b>2003</b>	<b>4</b>

# **2004 Benchmark Calculations**

**YEAR ENDING DECEMBER 31, 2003**

## **Appendix H**





Fall River Service Area  
Service Quality Plan  
2004 Benchmark Statistics

<u>Year</u>	<u>Total Percent Calls Answered</u>	<u>Percent Service Appt. Met</u>	<u>Percent On-Cycle Meter Reads</u>	<u>Lost Work Day Accidents</u>	<u>Class I&amp;II Odor Calls</u>	<u>Consumer Division Cases</u>	<u>Billing Adjustments Per 1,000</u>
1992				13.09			\$9.45
1993				1.71		29.0	\$11.39
1994				1.93		44.0	\$71.57
1995				0.63		56.0	\$15.73
1996				2.11		45.0	\$30.42
1997				0.00		55.0	\$3.16
1998			82.00%	0.66		78.0	\$22.26
1999			81.00%	0.65		72.0	\$11.09
2000			82.00%	0.00		74.0	\$54.96
2001	< 1 year data	<1 year data	83.00%	2.72	96.30%	50.0	\$12.65
2002	37.76%	100.00%	82.87%		99.29%	50.0	
2003	30.40%	100.00%	77.10%		100.00%		
Mean			81.33%	2.35		55.30	\$24.27
Std. Dev.			2.19%	3.89		15.40	\$22.20
Max. Penalty			76.94%	10.13		86.00	\$68.66
25% Penalty			79.14%	6.24		70.70	\$46.46
25% Offset			83.52%	-1.54		39.90	\$2.07
Max. Offset			85.71%	-5.43		24.60	-\$20.12



North Attleboro Service Area  
Service Quality Plan  
2004 Benchmark Statistics

<u>Year</u>	<u>Percent Calls Answered</u>	<u>Percent Service Appt. Met</u>	<u>Percent On-Cycle Meter Reads</u>	<u>Lost Work Day Accidents</u>	<u>Class I&amp;II Odor Calls</u>	<u>Consumer Division Cases</u>	<u>Billing Adjustments</u>
1993						7	
1994				6.93		2	
1995				0.00		6	
1996				0.00		NA	\$28.52
1997				0.00		5	\$0.00
1998				0.00		1	\$0.00
1999				0.00		3	\$0.00
2000				0.00		1	\$0.00
2001				9.12	100%	3	\$2.16
2002		99.81%	84.20%	0.00	100%	2	\$0.00
2003	41.48%	100.00%	83.51%	0.00	100%	8	\$0.00
				FIXED		FIXED	
Mean				1.61		3.80	\$3.84
Std. Dev.				3.42		2.53	\$10.00
Max. Penalty				8.45		8.86	\$23.84
25% Penalty				5.03		6.33	\$13.84
25% Offset				-1.82		1.27	(\$6.17)
Max. Offset				-5.24		-1.26	(\$16.17)